

Amendment No. 1 to HB0306

**Head
Signature of Sponsor**

AMEND Senate Bill No. 126*

House Bill No. 306

FILED

Date _____

Time _____

Clerk _____

Comm. Amdt. _____

by deleting all language following the enacting clause, and by substituting instead the following language::

SECTION 1. Tennessee Code Annotated, Section 9-21-105, is amended by adding the following language as a new, appropriately designated subdivision:

() "Financial advisory relationship" means a relationship that exists when a broker, dealer, municipal securities dealer or independent firm specializing in the issuance of debt enters into an agreement with or renders financial advisory or consultant services to or on behalf of an issuer with respect to the structure, timing, terms, refunding and other similar matters concerning such issue or issues, for a fee or other compensation from an issuer.

SECTION 2. Tennessee Code Annotated, Section 9-21-151(b)(1) is amended by replacing the existing language of subdivision (b)(1) with the following:

(b)

(1) Before any person or public entity other than an industrial development board enters into a financial advisory contract, a contract to sell debt obligations, a loan or lease agreement, a contract to enter into a interest rate hedge agreement or a bond placement agreement under which such person or entity acts as an underwriter or placement agent of a debt obligation, such person, entity or the financial officer or the chief executive officer of the public entity must disclose to the governing body of the public entity and file with the director:

(A) the estimated costs of issuance for such debt obligation including financial advisory fees, bond counsel fees, other legal fees, paying agent and registrar fees, trustee fees, credit enhancement fees, liquidity fees, remarketing agent fees,

rating agency fees, underwriter's discount, printing and advertising fees and also;

(B) the estimated costs of the conversion to fixed rate debt in the case that variable rate debt is initially issued;

(C) the estimated costs of interest rate hedge agreements used to minimize exposure to variable interest rate risk;

(D) the formula for, or method of, calculating the variable interest rate; any add-on costs to the interest rate identifying those initial or on-going costs; any fees payable by the public entity to entities that create or administer loan programs, including those paid as a part of the interest rate, for public entities; and

(E) any other costs associated with the issuance of the debt.

The state funding board is authorized to adopt by resolution a form and guidelines to be used for the submission of the information required by this subdivision.

SECTION 3. Tennessee Code Annotated, Title 9, Chapter 21, Part 1, is amended by adding the following language as a new, appropriately designated section:

Section _____. No broker, dealer, or municipal securities dealer that has a financial advisory relationship with respect to a new issue or refunding issue shall acquire as principal either alone or as a participant in a syndicate or other similar account formed for the purpose of purchasing directly or indirectly from the issuer all or any portion of such issue, nor shall such broker, dealer or municipal securities dealer act as agent for the issuer in remarketing such issue.

SECTION 4. For purposes of the state funding board adopting forms and guidelines to be used for the submission of information, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect when such forms and guidelines are adopted by the state funding board.